

Contact Information

Neighborhood Council: Historic Highland Park Neighborhood Council

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The Board approved this CIS by a vote of: Yea(12) Nay(1) Abstain(1) Ineligible(0) Recusal(0)

Date of NC Board Action: 05/03/2018

Type of NC Board Action: Against unless Amended

Impact Information

Date: 05/19/2018

Update to a Previous Input: No

Directed To: City Council and Committees

Council File Number: 18-0600

Agenda Date: 05/03/2018

Item Number: 9

Summary: The Historic Highland Park Neighborhood Council requests the City amend the proposed budget to:

- (a) address the Structural Deficit;
- (b) deal with the current and projected underfunding of the City's pension plans;
- (c) include all costs of the City's ongoing capital expenditure improvement program within the budget;
- (d) refrain from diverting funds from the Budget Stabilization Fund for purposes that should be in the budget;
- (e) develop and fund realistic plans to repair and maintain our streets, our sidewalks, our parks and public restrooms, our urban forest, and the City's buildings, facilities, and information technology infrastructure;
- (f) provide these needed services within the framework of a balanced budget now and moving forward;
- (g) stop the practice of using Reserve Fund monies to balance the General Fund deficits; and
- (h) increase the Reserve and Budget Stabilization funds to a minimum of 10%

We want long-term financial stability and we don't want our children to bear the brunt of City debt incurred by fiscal irresponsibility

CITY OF LOS ANGELES

HISTORIC HIGHLAND PARK NEIGHBORHOOD COUNCIL

Post Office Box 50791
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<http://www.highlandparknc.com>
Certified as NC #33 May 28, 2002

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CALIFORNIA



DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT

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Historic Highland Park Neighborhood Council

May 3, 2018

Mayor Eric Garcetti & the Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

Re: CF 18-0600 – CIS on the need of the City Budget to fund services not debt

The Historic Highland Park Neighborhood Council represents over 60,000 Los Angeles stakeholders who reside, own property, or conduct business in our neighborhood.

Despite a very healthy \$340 million (5.6%) increase in General Fund revenues, the proposed \$6.166 billion General Fund budget for the fiscal year beginning July 1, 2018 is neither balanced nor fiscally responsible.

This record-setting budget that has been fueled by a booming economy includes a projected budget gap for the following fiscal year, that beginning July 1, 2019, of \$159 million and does not address the Structural Deficit where expenditures continue to grow faster than revenues.

It fails to account for raises for the City's civilian workforce whose contracts expire on June 30th of this year. According to City Hall insiders, the new contract will cost the City an estimated \$40 million next year alone, a figure that does not include recent raises for the police and firefighters which, when added together would increase the deficit to at least \$250 million.

HHPNC – Calling for a more responsible budget

It does not account for overly optimistic projections for the City's two pension plans which are currently underfunded by about \$500 million and is relying on an investment rate assumption of 7%, significantly higher than what is recommended by knowledgeable investment professionals, including Warren Buffett. The City is legally obligated to pay the pension liabilities as they accrue.

It does not include the billions that will be required to fund the Civic Center Master Plan around City Hall, the expansion of the Convention Center, the revitalization of the Los Angeles River, and the compliance with the Clean Water Act. In fact, it diverts \$100 million a year from the Budget Stabilization Fund to pay for the City's ongoing capital expenditure improvement program.

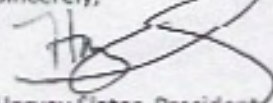
There is no realistic plan to repair and maintain our streets, especially the one third of City streets that are rated D and F. It does not include the additional \$200 million a year that Councilmembers Englander and Buscaino say is needed to fund streets alone, let alone our sidewalks, parks and public restrooms, our urban forest, and the City's buildings, facilities, and information technology infrastructure.

The City is projecting that the cumulative budget deficit over the following four years beginning July 1, 2019 will be \$77 million. But when raises and benefits for the City's workers are factored in, the deficit soars to almost \$1 billion. This is unsustainable, especially in the event of another economic crisis such as we faced in 2008.

The Historic Highland Park Neighborhood Council therefore requests the City stop the practice of using Reserve Fund monies to balance the General Fund deficits and start focusing on the long-term implications of the budget. We request the City provide us with truly balanced budgets moving forward including increasing the Reserve and Budget Stabilization funds from 7.3% (if the projected loans and transfers come through) to a minimum of 10% as recommended by the state or, preferably the 17% suggested by the Government Finance Officers Association.

We want services. We want long-term financial stability and we don't want our children to bear the brunt of City debt incurred by fiscal irresponsibility.

Sincerely,



Harvey Slater, President

Historic Highland Park Neighborhood Council